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The AGRICULTURAL OUTLOOK DIGEST

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BAE

MARCH 1950

Spring found farmers pushing towards another year of near-record output.

Farmers' traditional urge to produce probably will be less rewarded in 1950 than in most recent years. Prices are lower. Incomes are far below their 1947 record.

Prices received by farmers have been quite steady for several months--are expected to change little this spring. Back of this steadiness is a strong consumer demand, high economic activity. Substantial efforts toward price support continue to buoy the market.

Coal miners are back at work. So are those workers whose jobs were curtailed by lack of coal. Steel is up again to January levels. Automobile production and construction activity are unusually high.

Unemployment hit a post-war high this winter--largely because more and more people want work as our labor force grows. In February, non-agricultural employment hit a record for the month. Total employment was near record.

Sales Stay High

High employment at present wages adds up to high consumer income. This past winter a further boost to income has come from insurance refunds to veterans. Incomes are still being spent at a high rate. Retail sales early this year were higher than a year ago. Many more people wanted and got new automobiles. Many more needed and bought home furnishings--record home building boosted these sales. Food sales also were high, but mild weather held down apparel purchases.

Activity in town stores was being duplicated this spring on the farm. On the whole, field work was on schedule, moisture good, the new year well underway. Last month, farmers told the Crop Reporting Board about their 1950 planting plans.

Planting Plans

In terms of acreage, farm plans are smaller this year than last. Smaller also than the records of early thirties. Compared with other years, they are high. Principal crop total of 359 million this year is 16 million less than 1932 record. This acreage and average yields of recent years would result in a crop production "at least adequate." Forecast of some major crops:

Crop	Unit 000	1939-48 Average	1949	Prospective 1950
Corn	Bu.	2,900,932	3,377,790	2,804,410
Wheat, all	Bu.	1,031,312	1,146,463	1,184,678
Oats	Bu.	1,274,474	1,322,924	1,480,375
Potatoes	Bu.	403,284	401,962	388,742
Tobacco	Lbs.	1,777,851	1,990,129	1,834,908
Soybeans (beans)	Bu.	164,491	222,305	228,241
Peanuts (for nuts)	Lbs.	1,950,690	1,853,140	1,464,230

Production of livestock and livestock products also will help hold total output at high levels. Milk and eggs started year at record levels, and will probably be high most of year. Meat is off from 1948 record but with more pigs this year, total meat will be high.

The general picture is for food and fiber in near-record quantities. Surpluses of many major crops, consumers' desires for new automobiles and homes, and smaller exports will be exerting downward pressure on most farm prices all year.

Within general picture, current outlook for major commodities differs considerably.

LIVESTOCK AND MEAT Slight increase now expected in 1950 fall farrowing. Would come as result of still favorable hog-corn price ratio. Would give smaller net per pig in spring of 1951 than farmers are making this spring. March hog prices off \$10 from 1948 record.

Stockers and feeders still bringing premium prices but margin during coming year may be smaller. Good slaughter steers still scarce and high in price, but seasonal downturn has started.

Demand for meat is strong but off considerably from 1948 records. Pork off most with fat cuts by far the weakest. Consumers prefer lean cuts and beef.

Early spring lamb crop was up 2 percent over 1949--first increase in 9 years. Total lamb crop may again be slightly smaller.

DAIRY Prices received by farmers for wholesale milk are running nearly one-tenth below 1949. Manufacturing milk has been and will remain steady through 1950. It's "on supports." Price for fluid milk, however, is below last year and will decline as production increases this spring. Milk production began the year 1950 at a record annual rate (in January and February) of 123.5 billion pounds.

POULTRY AND EGGS Egg prices in the coming months will continue low. Will show some seasonal rise in late summer and fall, but will continue under the prices of a year ago. In mid-March, the average price received by farmers for eggs was 31.6 cents. Average price so far this year, 32.9 cents (seasonally adjusted), is substantially below the annual price support average of 37 cents. CCC sold 31.8 million pounds of dried egg to U.K., nearly 40 percent of unsold stocks.

FATS AND OILS Exports of fats and oils in 1949 totaled a record 2,273 million pounds, more than double the 1948 figure and more than four times the 1937-41 average. Leading items were: lard, 662 million pounds; soybean oil and the oil equivalent of soybeans, 587 million; inedible tallow, 362 million; peanut oil and oil equivalent of peanuts, 203 million; and cottonseed oil, 116 million pounds.

CORN AND OTHER FEED Prices of most feeds advanced this winter. In March, feed prices were close to level a year earlier. Strength reflects smaller "free" supplies than last year. Also, sharp drops in market receipts of corn.

FRUIT Movement of Florida oranges to processors has been especially heavy through mid-March. Took more than 60 percent of commercial sales, last year less than half. Citrus prices received by growers and terminal market prices have been sharply upward since December. Cold-storage holdings of apples and pears on March 1, 1950 were about average, but larger than year earlier. Prices may increase slightly but still remain considerably below prices last spring. Strawberries:--larger spring crop, prices not quite so high as last year.

VEGETABLES Prices which farmers will receive for most fresh vegetables marketed this April and May probably will be moderately lower than those in 1949. Preliminary estimates of 14 of the 21 spring crops show an acreage 12 percent more than last year and 16 percent above average.

With very large stocks of potatoes on hand, prices received by farmers for 1949-crop potatoes will rise less than seasonally in April and May.

COTTON Domestic mill consumption and exports continue at levels well above last season. For the first half of the 1949-50 season, total disappearance of cotton was 6,753,000 bales, compared to 6,084,000 bales for the corresponding period in 1948-49. Exports accounted for 36 percent of the 1949-50 total, compared with 31 percent a year earlier. Disappearance for entire season also should be higher than in 1948-49.

TOBACCO Active demand for cigarette tobacco expected in 1950. The 1949 crops of flue-cured and Burley sold at relatively favorable prices, but a little below the 1948 season. The 1949 crop of Maryland, one-sixth larger than in the previous year, will start to auctions on May 2. Stocks of Maryland in the hands of dealers and manufacturers on January 1, 1950, were about 3 percent less than a year earlier.

